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## CHAPTER 6 PROCUREMENT

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### Introduction

This chapter provides guidelines to purchase equipment and services necessary to fulfill the terms of the local agency contract. These guidelines are for all local agencies, except where specific reference is made only to “Local government agency” or “Private nonprofit agency”.

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## I. GENERAL INFORMATION

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### Deadline for Items Requiring State WIC Branch and USDA Approval

All procurement requests requiring the State WIC Branch and USDA approval must be faxed to the State WIC Branch no later than **the first business day of August**. The State WIC Branch will submit the procurement request to USDA on behalf of the local agency.

The State WIC Branch and USDA approval is required for:

- Equipment with a base cost per unit of \$25,000 or more
- Non-commercially available software
- Automated Data Processing (ADP) equipment orders totaling \$25,000 or more (regardless of cost per individual units or components).

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### Items Requiring Prior State WIC Branch Approval

Prior State WIC Branch approval is required for any procurement requests that total \$5,000 or more for any one type of procurement (see Sample Procurements and Approval Requirements at end of Section II). This includes but is not limited to all equipment, supplies or services, subcontractor procurement requests, computer equipment, and modular furniture.

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All procurement requests requiring only the prior approval of the State WIC Branch must be faxed no later than **the first business day of September**.

**Faxing Procurement Documents**

Please fax procurement requests to your Regional Advisor's attention as follows:

State WIC Branch  
Local Agency Support Unit  
Attention: Regional Advisor  
Fax: (916) 928-0743

The procurement request must be on local agency letterhead with justification (refer to Section IV of this Chapter), and the ADP form (Attachment 6-1), if applicable.

A hard copy of the procurement request does not need to be sent by regular mail, as the faxed copy will suffice.

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**Procurement Process**

All procurements shall be conducted using a bidding process (3 bids are recommended) that is, to the maximum extent practical, assuring open and free competition.

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**Obligation of Funds**

For procurements to be charged to a specific budget period, the costs must be obligated no later than the end of the budget period (September 30<sup>th</sup>). It is the responsibility of the local agency to obligate funds for a service or purchase prior to the end of the budget period in which the commitment to pay was made.

For costs to be considered obligated, a purchase order must have been signed, sent, received, and approved. A purchase estimate is not considered an obligation of funds.

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**Replacement of Items  
Using Non-WIC Contract  
Funds**

A local agency is required to maintain adequate insurance to replace or repair any item identified on the HAS 1204 that has been broken, lost, stolen, or damaged beyond repair. A local agency may be required to pay for the replacement or repair cost at the local agency's expense, utilizing non-WIC contract funds if the loss or damage is determined to be due to negligence or irresponsible use. Justification not to repair or replace equipment must be kept on file for auditing purposes.

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## **II. PROCUREMENT TYPES AND APPROVAL**

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**Procurement Approval**

Procurement requests may be categorized by type such as: information technology (ADP) equipment, supplies, vehicle, and modular furniture. For example: ADP equipment is one type, supplies is one type, and equipment is one type. Please do not combine more than one type of procurement (i.e., a vehicle procurement with an outreach item procurement) on a procurement request.

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**Splitting Procurement  
Requests**

A local agency **must not** split procurement requests for the purpose of circumventing the State WIC Branch and USDA approval by either:

- Reducing the dollar amount by splitting one procurement into two which are less than \$5,000; or
- Increasing the number of vendors performing the same service or providing the same product.

If the State WIC Branch determines that the local agency split procurement requests to circumvent the approval process, the local agency will be required to reimburse the State WIC Branch for the entire dollar amount using non-contract funds.

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**Exempt Procurements**

The following procurements are exempt from State WIC Branch approval:

- Maintenance agreements for office machines, equipment, or janitorial services.
- Maintenance agreements are allowable WIC Program costs and do not require prior State WIC Branch approval. The local agency is responsible for initiating, maintaining, and canceling these agreements.

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**Denial of Procurement Reimbursement**

Reimbursement for procurements may be denied if State WIC Branch staff determines the procurement is unallowable, unreasonable, or unnecessary.

Reimbursement of costs claimed on the invoice may be denied if the required State WIC Branch and USDA approvals are not obtained prior to the procurement.

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**Documentation of Bids**

Bid documentation, and justification used for sole source or lease procurements, and any other documentation used in vendor selection must be maintained on file at the local agency for inspection or audit. These documents do **not** need to be submitted to the State WIC Branch with procurement justifications.

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**Documentation of Sole Source**

A local agency shall be permitted a sole source procurement when one or more of the following are met:

1. Item is only available from one source, e.g., a company has a patent on the desired item and is the only supplier;
  2. Purchase is for subscriptions, publications, or technical manuals, required for the continuous operation of the WIC Program;
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3. There is a need for the continued license or maintenance of existing software: proprietary application or operating system software already in use; related products or software additions or changes; revisions; renamed products; bundled products; upgrades and additional copies of installed software products for newly acquired equipment;
  4. Purchase is for proprietary equipment repair parts, equipment component parts, and component parts of items currently being manufactured for resale, which are only available from the manufacturer;
  5. Purchase is from regulated utilities;
  6. Purchase is resulting from a court order or legislative mandate;
  7. Purchase is based on Master Agreements or Contracts that were originally awarded on a competitive basis; and/or
  8. There is a public emergency need for the item, which will not permit the delay associated with competitive solicitation.
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**Examples of  
Procurements and  
Approval Requirements**

Example #1 Supplies

The local agency submits a procurement request for one item totaling less than \$5,000 (including tax):

Breastfeeding Pads @ \$1.00 each including tax - ordering 4,000 for a total cost of \$4,000.

State WIC Branch approval **is not** required because the total is less than \$5,000. The State WIC Branch approval is based upon the total dollar amount (not including tax) of all the supplies ordered.

The local agency must establish an ordering strategy for breast pads that does not intentionally increase the order frequency and decrease the order amount so that the purchase order is below \$5,000.

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### Example #2 Supplies

The local agency submits a procurement request for the following supplies:

Breastfeeding Pads  
@ \$1 each – ordering 1,000 = \$1,000

Manual breast pumps  
@ \$2 each – ordering 1,000 = \$2,000

Breastfeeding Books  
@ \$2.50 each – ordering 1,000 = \$2,500

Total Amount of Procurement  
Request (including tax): \$5,500

In this instance, the State WIC Branch approval **is** required because the total of all 3 items ordered is \$5,000 or more.

### Example #3 Modular Furniture

The local agency submits a procurement request for modular furniture. A single workstation is comprised of many pieces. All of these pieces are needed to put one workstation together. Therefore, if the total for one workstation is less than \$5,000, State WIC Branch approval is not required. However, if the local agency needs more than one workstation, and the cost for two or more workstations is \$5,000 or more, State WIC Branch approval is required.

### Example #4 Minor Equipment

The local agency submits a procurement request for the following minor equipment from the same vendor:

Video camera @ \$500 each – ordering 1 = \$ 500  
Color television @ \$600 each – ordering 2 = \$1,200  
DVD Player @ \$49 each – ordering 10 = \$ 490  
Total amount of this Procurement  
Request (including tax) \$2,190

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In this instance, the State WIC Branch approval **is not** required because the total of all items ordered from this vendor is under \$5,000.

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### **III. DOCUMENTATION REQUIREMENTS AND PROCUREMENT BY TYPE OF ORGANIZATION**

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#### **Documentation Requirements**

All WIC Local Agencies must document their equipment purchases on either Line 2a or 3a of the invoice. The method used by a subcontractor to procure equipment is based on the subcontractor's type of organization, (i.e., local government, or private nonprofit).

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#### **Local Government Procurement**

A local government agency must utilize their existing procurement systems to obtain supplies and equipment necessary to fulfill the terms of their contract. To the extent that supplies and equipment are available, the local agency may make unlimited supplies and equipment purchases each fiscal year.

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#### **Private Nonprofit Procurement Restrictions and Documentation**

A private nonprofit agency may procure equipment up to an annual maximum of \$50,000. Supply purchases are not limited. Equipment procurement in excess of \$50,000 must be arranged through the State WIC Branch and DHS Business Services Unit (DHS, Administration Division Information Memo 95-53). Each private nonprofit agency is responsible for tracking their \$50,000 annual maximum.

A private nonprofit agency must maintain a code or standard of conduct that governs the performance of its officers, employees, or agents who are engaged in awarding procurement agreements. No employee, officer, or agency shall participate in the selection, award, or administration of a procurement agreement in which, to his/her knowledge, he/she has a financial interest.

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**Procurement Request Processing**

Subcontractor's procurement requests are processed as follows:

1. Subcontractor submits request to the local agency.
2. Local agency processes the request in accordance with the local agency's contract with the State.
3. State WIC Branch returns the approved/disapproved request to the local agency.
4. Local agency forwards approved/disapproved request to the subcontractor.

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**IV. PROCUREMENT JUSTIFICATION**

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**Justification Requirements**

Justification for a procurement request must include the following information:

1. Purpose of items being purchased.
2. How the purchase supports the scope of work.
3. Itemize each item and the cost of each item.
4. Total cost of the procurement.
5. Local agency contact person with e-mail, telephone number, and fax number

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**Automated Data Processing (ADP) Equipment Justification**

Requests for ADP equipment must include the Application for USDA-FNS Approval of Non-Major ADP Purchase or Lease form. (Attachment 6-1). The ADP form must be filled out by the local agency for all ADP Equipment purchases over \$5,000.

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## V. VEHICLES

### Vehicle Justification

Vehicle purchase requests must include the information outlined below in the justification.

Vehicles may be purchased for local agency use or participant transportation. Vehicle justifications must describe the anticipated use of the vehicle: description of desired vehicle, the frequency of use, itemized cost - attach specifications, how the purchase benefits the WIC Program, and a comparison of alternative solutions and associated cost / benefits to the problem faced by the local agency.

### Vehicle Registration

The local agency is responsible for all registration costs. The State of California, Department of Health Services is the legal owner and the local agency is the registered owner.

Refer to the **Vehicle Purchase and Registration Table** below.

VEHICLE PURCHASE AND REGISTRATION TABLE		
STEP	WHO	ACTION
1	Local Agency	Submits vehicle purchase request, with justification to State WIC Branch, Regional Advisor.
2	State WIC Branch	Reviews request. If approved forwards request to USDA (if \$25,000 or more).
3	USDA	Reviews request. Notifies State WIC Branch of decision.
4	State WIC Branch	Notifies local agency of decision.

VEHICLE PURCHASE AND REGISTRATION TABLE (continued)		
STEP	WHO	ACTION
5	(a) Government Local Agency  (b) Private Nonprofit Local Agency	(a) If approved, purchases vehicle.  (b) If approved, purchases vehicle if equipment procurement has not exceeded \$50,000. (If equipment procurement exceeds \$50,000 for private nonprofit local agency, State of California purchases and registers vehicle.)
6	Auto Dealer	HOLDS vehicle until registered.
7	Local Agency	The vehicle is to be registered as follows: <ul style="list-style-type: none"> <li>• State of California, Department of Health Services – Legal Owner; and</li> <li>• Local Agency as Registered Owner.</li> </ul>
8	Auto Dealer	Releases vehicle and “hard copy” of registration to the Local Agency.
9	D.M.V.	Mails “pink slip” to: DHS/Administration Division Program Support Branch (PSB) Transportation Unit P.O. Box 997413 1501 Capitol Ave., MS 1409 Sacramento, CA 95899-7413
10	Local Agency	Local Agency submits to the State WIC Branch, Business Services Unit: <ul style="list-style-type: none"> <li>• HAS 1203;</li> <li>• Certificate of Insurance;</li> </ul>

VEHICLE PURCHASE AND REGISTRATION TABLE (continued)		
STEP	WHO	ACTION
		<ul style="list-style-type: none"> <li>• Copy of vehicle registration; and</li> <li>• Vehicle license plate number.</li> </ul> <p>Local agency submits to the State WIC Branch, Property Controller.</p>
11	State WIC Branch	Submits copy of HAS 1203 to DHS/PSB, Transportation Unit.
12	Local Agency	Retains copy of correspondence, bids, bill of sale, insurance certificates, registration, etc. for audit purposes.

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### Vehicle Insurance

Local agency must obtain automobile liability insurance in the amount of \$1 million for bodily injury and property damage combined. Insurance must be made effective on the delivery date of the vehicle and must be maintained over the life of the vehicle.

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### Certificate of Insurance

Local agencies must submit a copy of the certificate of automobile insurance to:

State WIC Branch  
Property Controller  
3901 Lennane Drive  
Sacramento, CA 95834

The copy of the certificate of insurance must be submitted immediately upon coverage and upon renewal.

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## VI. LEASE VS. PURCHASE ANALYSIS

### Lease Approval

Leasing equipment that costs \$5,000 or more requires prior State WIC Branch approval. A lease vs. purchase analysis must be included in the request for lease approval.

### Cost Analysis

The lease vs. purchase analysis compares the total lease costs to the total purchases costs. The lease vs. purchase analysis must include the following information:

Lease Costs	Purchase Costs
1. Vehicle lease price over term	2. Vehicle purchase price
2. Term of lease	2. Useful life
3. Miscellaneous costs (tax, delivery and installation)	3. Miscellaneous costs (tax, delivery and installation)
4. Total cost per month excluding maintenance	4. Total cost per month excluding maintenance

**“Lease with option to purchase”** is not allowable. Refer to the OMB Circular.

### Cost Effectiveness

The justification must include the reasons it is in the best interest of the State for a local agency to enter into a lease, given the results of the lease vs. purchase analysis.

## VII. ATTACHMENTS

### **Attachments**

Attachment for Chapter 6 to follow this page.

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**STATE OF CALIFORNIA  
WIC SUPPLEMENTAL NUTRITION BRANCH  
APPLICATION FOR USDA-FNS APPROVAL OF NON-MAJOR ADP PURCHASE OR LEASE  
(Hardware, software, and services totaling less than \$100,000)**

<b>Agency Name:</b> _____  <b>Person Preparing Request:</b> _____  <b>State Agency Contact Person:</b> _____	<b>Date:</b> _____  <b>Telephone Number:</b> _____  <b>Telephone Number:</b> _____
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**1. DESCRIPTION**

- A. List all items separately. Indicate type of storage (hard disk, floppy disk or both); hard disk capacity, if applicable; memory size; type of printer (Dot Matrix, Daisy Wheel, Laser, etc.); monochrome or color monitor; and modem speed, if applicable. Include delivery and installation charges.**

Item Type	Manufacturer	Model Name	Quantity	Unit Price (include tax)	Purchase Price (include tax)	Monthly Lease Cost	Total Lease Cost

**Total Purchase Cost: \$** \_\_\_\_\_

**For Leased Systems ~ Length of Lease:** \_\_\_\_\_ **X \$** \_\_\_\_\_ **= \$** \_\_\_\_\_  
(No. of Mos.)
(Total Monthly Cost)
(Total Lease Cost)

## 1. DESCRIPTION (continued from Page 1)

**A. List all items separately. Indicate type of storage (hard disk, floppy disk or both); hard disk capacity, if applicable; memory size; type of printer (Dot Matrix, Daisy Wheel, Laser, etc.); monochrome or color monitor; and modem speed, if applicable. Include delivery and installation charges.**

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**B. If an ADP system exists at the local agency, briefly describe the system and how the proposed acquisition will fit in.**

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**C. If the proposed acquisition has capabilities to expand or to connect with other computer systems, briefly describe these capabilities and any foreseeable use the local agency will make of them.**

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**D. If any of the items listed in Section 1(a) will be used at sites other than the local agency's central location, list the items and the sites where the items will be used.**

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**2. FUNCTIONS**

List all tasks that the proposed acquisition will be used to perform. With each task, use the appropriate letter as indicated below:

**E~** Indicates whether the task is one in which the proposed acquisition will perform at approximately the existing level of efficiency;

**I ~** Perform at an expanded level of service or improved level of efficiency; or

**N~** A new task not yet being performed.

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**3. OPTIONS CONSIDERED AND COST/BENEFIT ANALYSIS**

List alternative means of performing the tasks mentioned in Section 2 above. (Examples of options: using a more efficient manual system; contracting out the tasks to another unit or private agency; purchasing ADP equipment of another type or from another manufacturer).

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**3. OPTIONS CONSIDERED AND COST/BENEFIT ANALYSIS (continued)**

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**4. FUNDING**

**A. If any items listed in Section 1 (a) will be funded by sources other than WIC, itemize those sources and the amount of the total cost which each will contribute.**

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**B. If agencies or programs other than the WIC Program will use the proposed acquisition, list those agencies/programs. Show how the WIC Programs' use of equipment will be commensurate with WIC funds to be used for acquisition.**

**5. PROGRAM METHOD**

For guidelines on the correct procurement method, refer to your local agency Contract Management Binder (CMB) and applicable OMB Circular(s). IF you have questions regarding the procurement method, contact your Regional Analyst.

The signature of the Agency Director (or his/her designee) below, certifies that the agency will follow the required procurement methods described in (a) and (b) above.

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**Signature**

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**Title**

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**Date****6. ADDITIONAL COMMENTS OR JUSTIFICATION**

Please provide any further information that will assist us make an informed evaluation of your request to use Federal WIC Administrative funds for the proposed acquisition.